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FOR IMMEDIATE RELEASE

August 30, 2016

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STATEMENT FROM MAYOR EMANUEL ON IMPROVEMENT IN CHICAGO'S CREDIT OUTLOOK

"Fitch's action today is proof positive that Chicago's finances are moving in the right direction. We inherited decades of legacy liabilities and the financial challenges they brought, and we are continuing a deliberate strategy of reforms to put Chicago on a path to long-term financial stability, so we can continue to invest in our future. We are not going to solve the pension funding challenges overnight, but we have made substantial progress to finally put all four pension plans on a path to solvency, and we are seeing favorable responses from ratings agencies."

BACKGROUND

- Fitch notes that "[t]he Outlook change from Negative to Stable reflects the recently enacted material increase in funding to the City's pensions."
- The rating agency states that "Chicago acts as the economic engine for the Midwestern region of the United States. The city's residents are afforded abundant employment opportunities within the deep and diverse regional economy. The city also benefits from an extensive infrastructure network, including a vast rail system, which support continued growth."
- The report by Fitch points out that "[m]anagement has made significant progress toward matching ongoing revenues with annual expenditures. Fitch considers sustainable, affordable, actuarially-based pension funding, such as recently enacted or announced, a critical component of structural balance. Successful execution of the city's plan toward financially sustainable practices would be considered a positive rating factor."
- S&P, another ratings agency, previously said Chicago's credit outlook could be changed if the City's water/sewer increase is approved.

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